

City of Mansfield, Texas
2011 ANNUAL REPORT





MAINTAINING A STRONG LOCAL ECONOMY

Mansfield's
financial position
is stable while
local industry grows

As the Chief Executive Officer of the City of Mansfield, I am pleased to report on the positive and stable financial performance of our organization. The City of Mansfield is providing quality service to residents and operating efficiently despite the challenges presented with a national economic downturn.

The city has continued to adopt a conservative financial approach to operations to maintain stability whether experiencing explosive growth or a slow down on both local and national levels. By strategically approaching growth in services, personnel and capital expenditures, the city has navigated the economic realities of the last few years with minimal impact to taxpayers and to the city's long-term financial stability.

In 2011, the city continued to grow our local economy through an aggressive economic development program. Following the 2010 Census report which showed a 101 percent increase in the city's population since 2000, and the announcement of a new facility by leading manufacturer Klein Tools, interest in commercial and industrial development in the city has increased. The city also saw growth in the retail sector with new developments announced or breaking ground.

In 2011, Mansfield saw specific growth in the following areas:

- The assessed value of commercial, industrial and residential property in the city was valued at \$4.29 billion.
- Sales tax revenue in Mansfield grew again in 2011, with a 2.7 percent increase over the previous year thanks in part to continued growth in retail and commercial development. The development of the Kroger Marketplace Center in southeast Mansfield

brought new retail opportunities to that growing sector of the city and sparked other new development in the area.

- City infrastructure expansion and improvements in 2011 included the continued construction of frontage roads and U-turn bridges on U.S. Highway 287. Work also began on the expansion of FM 1187, an important east-west corridor in the city.
- The Parks and Recreation Department began work to expand our already stellar parks system with selection of a design team for the city's next major park – an 80-acre open space and nature reserve along Walnut Creek.
- With input from citizens, developers and elected officials, the Planning Department began work on an update to the city's land use plan in an effort to ensure quality development in the years ahead.

The work to diversify our economy over the last 10 years has been successful and has ensured our city's stability and sustainability in the face of economic challenges. We continue to see growth in the industrial sector, thanks to the efforts of the Mansfield Economic Development Corporation to recruit new business and industry to the city. We are also seeing continued expansion by companies already located in the city, such as Mouser Electronics, which has added hundreds of employees in the last two years.

The city organization has the support of city council members, volunteers, as well as a dedicated and experienced group of managers and employees who work each day to make Mansfield a strong community. The employee organization has remained stable and efforts to maintain service levels have succeeded.

Our community is ranked among the top in terms of quality of life, business success and opportunity, education and community development. We remain dedicated to providing the best service for the best value for our residents in hopes our efforts make a difference in the lives of those who chose to call Mansfield home.

Sincerely,



Clayton Chandler
City Manager



COMMUNITY SERVICES

A community's quality of life depends on many components, from attractive neighborhoods to a strong local economy. But often there is a direct correlation with the community services available to residents such as parks, recreation and athletics, library services and cultural and special events. In 2011, these departments continued to provide residents with activities and community events designed to enhance the quality of life in Mansfield.

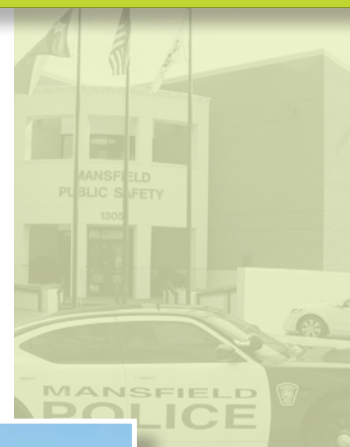
- The Mansfield Public Library drew more than 200,000 patrons to its facility in 2011 for a variety of services including computer use, children's story times and summer reading programs. In 2011, the Mansfield Public Library was designated a National Literary Landmark, one of only five in Texas, in recognition of Mansfield author John Howard Griffin, author of "Black Like Me." The honor drew former First Lady Laura Bush to a special ceremony.
- More than 600 acres of park land and 135 miles of right-of-ways and medians were maintained by the city's park operations staff. The crews worked to keep parks and medians looking good for residents while following drought restriction guidelines.
- The Mansfield Activities Center remained a key element of the city's recreation programming, offering classes and activities for all ages. The Parks and Recreation Department was recognized for by the Texas Recreation and Parks Society for creatively and effectively promoting special events and activities to residents in Mansfield.



- Special events sponsored by the city and organized by the Cultural Services Department drew thousands of residents and visitors from outside the city. From Hometown Holidays and Rockin' Fourth of July to the new Wurst Hometown Festival, the events turned the spotlight on Mansfield and the community spirit exhibited city staff, local business and civic groups.
- The city's growing tourism activity was closely monitored in 2011 as officials began to develop a specific plan for attracting visitors to the city and cultivating the potential economic impact. Through the Community Services division, staff worked with local hotels to increase tourism and produced the city's first guide for visitors.

PUBLIC SAFETY

The well-being of the its residents and the entire community remains a priority for Mansfield public safety departments, which answer more than 50,000 calls each year. And in 2011, these departments focused attention on investments in new equipment and technology and the development of innovative new programs to ensure a safe community.



- The Mansfield Police expanded its Citizens On Patrol program, begun in 2010, which put specially trained volunteers on the streets as additional eyes and ears supporting officers.
- Police patrol officers expanded its Commercial Vehicle Enforcement program with state certified officers assigned to monitor and inspect commercial vehicles and trucks traveling through the city.
- Developed a crime analysis unit designed to prevent and solve crimes.
- Animal Care and Control increased the number of animals adopted and those returned to owners while lowering the number of animals euthanized.
- With almost 3,000 patients transported, the Mansfield Fire Department improved its average transport time to hospitals.
- Completed installation of the Opticom system throughout the city to allow for traffic control by emergency vehicles.

COMMUNITY DEVELOPMENT

A critical component of Mansfield's success in the last decade has been the quality and consistency of its growth, specifically in the area of strategic planning and development, infrastructure construction and recruitment and retention of business and industry.

In 2011, the city departments responsible for community development (planning, development services, public works and economic development) concentrated on accomplishing goals to promote quality residential development, expand and maintain the city's infrastructure and bring new business and industry to Mansfield.

- The planning department worked with the City Council and the Planning and Zoning Commission to update the future land use plan and subdivision ordinances to promote quality development for both residential and commercial projects building in the city.
- Although gas well drilling slowed throughout the region, the planning department continued to monitor sites in the city and enforce all regulations and ordinances pertaining to gas well drilling in Mansfield.
- Development services directed attention to improving the look of the city through the code enforcement and inspection process. Officers and inspectors enforced the city's sign ordinance, examined structures for code violations and worked to encourage clean up of neighborhoods and industrial areas of the city.
- Work continued on street and roadway improvements throughout the city with the public works department coordinating projects with local, state and federal officials as well as city crews. In 2011, the \$15 million US Highway 287 expansion project continued with the completion of frontage roads along the highway and the start of construction of U-turn bridges at Broad Street and Walnut Creek Drive.
- The Water Department improved efficiency of water meter reading by utilizing Segways and T-3 equipment, with technicians reading more meters in less time. Use of this equipment as well as Smart Cars also reduce emissions and gas costs to the city.



COMMUNITY DEVELOPMENT



- With the new Water Treatment Plant expansion now fully operational, the city was able to improve production and distribution to customers and encourage conservation during drought conditions.
- In 2011, the economic development department worked to improve the city's oldest industrial park through roadway improvements. Business and industry recruitment remained a priority as the department continued to work with new corporate citizens like Klein Tools to facilitate relocation efforts, building expansions and employee hiring. The value of economic development investments in 2011 totaled \$60 million.



FINANCE

The City of Mansfield's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private business. This brief overview concentrates on the government-wide financial statements only. A more comprehensive analysis and narrative about the fund financial statements and the notes to the financial statements are included in the city's Comprehensive Annual Financial Report (see Page 18 for availability).

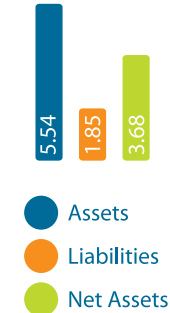
The government-wide financial statements distinguish functions of the city supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover their costs through user fees and charges (business-type activities).

- The governmental activities include general government, public safety, public works and cultural and recreational activities.
- The business-type services include water and sewer, the law enforcement center and drainage services.

The government-wide financial statements include not only the City of Mansfield itself (known as the primary government), but also a legally separate Mansfield Economic Development Corporation (MEDC) for

which the city is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. The Mansfield Property Finance Authority and the Mansfield Park Facilities Development Corporation (MPFDC),

Fiscal Year 2011



although legally separate, function for all practical purposes as departments of the city and have been included as an integral part of the primary government.

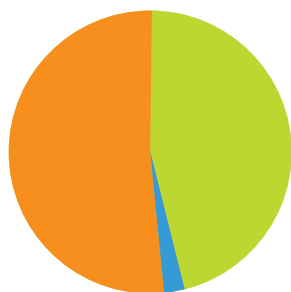
City of Mansfield Financial Highlights

Statement of Net Assets

The statement of net assets presents information on all of the city's assets and liabilities, with the difference between the two as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city is improving or deteriorating. For fiscal year 2011, the city's assets exceeded its liabilities by \$368,372,672 (net assets). This increased by \$9,364,468 from the fiscal year 2010 net asset position.

Statement of Activities

The Statement of Activities reflects the total revenues generated and entire costs of operating the services of the city. The



46% Charges for Services
12% Operating and Capital Grants and Contributions
52% General Revenues

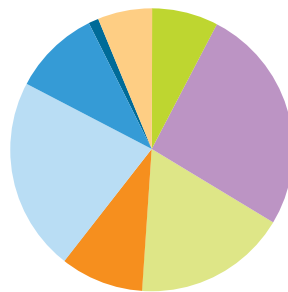
Statement of Activities for the fiscal year ending September 30, 2011, reports total revenues of \$92,236,266 and total operating expenses of \$82,808,840.

City revenues consist of program revenues and general revenues. Program revenues are charges for services, as well as operating and capital contributions and grants for a specific operating activity (i.e. water and sewer, public works). General revenues are property taxes, other taxes (i.e. sales tax and franchise tax), investment earnings, and the gain on the sale of capital assets. Operating expenses include the day-to-day expense of operating the city.

City Revenue by Source

City Expenses Governmental and Business-type activities

Individually within the City of Mansfield Financial Statements, governmental activities and business-type activities are reported separately and independently. The two activities are separated because of the nature of their operating activities and the funding of their activities.



1% Drainage
6% Interest on Long-Term Debt
7% General Government
9% Culture & Recreation
10% Law Enforcement
18% Public Works
22% Water & Sewer
27% Public Safety

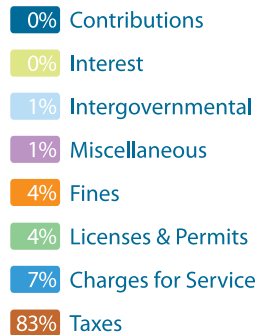
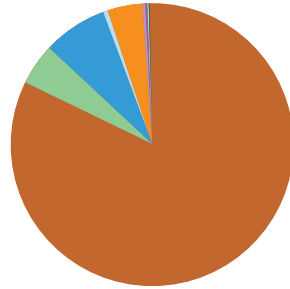
Governmental Activities

The general fund is the chief operating fund of the governmental activities of the city. Most of the operating revenue & expenses in the governmental activities occur within the general fund.



Statement of Net Assets

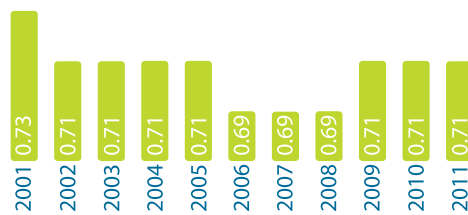
The Net Assets for the governmental activities increased \$895,772 in fiscal year 2011. The primary reasons for the increase are the increases in Capital Grants & Contributions.



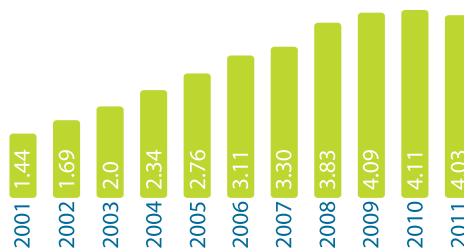
Statement of Activities General Fund Operating Revenues

The city's general fund revenues increased when compared to the prior year by 5.42 percent or \$1.891 million. The main reason for this increase was an increase in franchise fees and licenses and permits.

Additionally, sales tax revenue increase by 1.64 percent or \$117,400 compared to the prior fiscal year. Per Capita Sales Tax has increased approximately \$30 over the past several years. This is the approximate equivalent of 25 percent of the annual average tax rate over the past several years. The increase in sales tax is attributed to the addition of new retail businesses within the city.



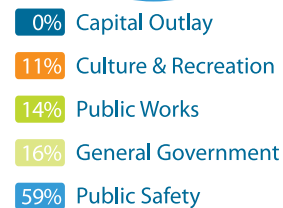
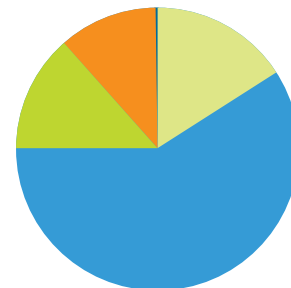
Historical review of the City's Property Tax Rate



Historical review of the City's Assessed Property Value

General Fund Operating Expenses

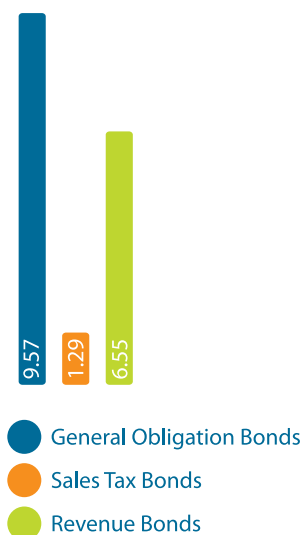
Historically over the past ten years personnel costs have averaged approximately 70 percent of the general funds operating budget while the remaining 30 percent have been expensed for other operating costs



(i.e. utilities). Per Capita, on average over the past seven years, for every 1,000 citizens the city has employed approximately 0.6 full time employees.

Business-type activities

The city has three primary business-type activities: Water & Sewer Fund, Law Enforcement Center and a Drainage Fund.



Overall revenues of the city's business-type activities were \$35.57 million for the fiscal year ending September 30, 2011. Expenses for the city's business-type activities were \$27.59 million for the year, resulting in an increase in net assets of \$8.5 million.

Government-wide Debt Administration

At the end of the current fiscal year, the City of Mansfield had total bonded debt outstanding of \$174,165,000. Of this amount, \$95,745,000 comprises debt backed by the full faith and credit of the government and \$12,965,000 is revenue debt supported by a sales or

transit tax. The remainder of the city's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The City of Mansfield's total debt increased by \$.600 million or 0.33 percent during the current fiscal year. The key factors in this increase were principal payments offset by the issuance of additional revenue bonds.

The city maintains bond ratings from three investment houses:

Underlying Ratings				
Company	General Fund Bonds	Water & Sewer Revenue Bonds	Sales Tax Revenue Bonds	Drainage Revenue Bonds
Moody's	"Aa2"	"Aa2"	"Aa3"	"Aa2"
Standard & Poor's	"AA"	"AA"	"A"	"AA-"
Fitch	"AA"	"AA"	"AA-"	"AA-"

Requests for Information

As management of the City of Mansfield, Texas we offer readers of the City of Mansfield's financial statements this narrative overview and analysis of the financial activities of the City of Mansfield for the fiscal year ended September 30, 2011. This information is not intended to be a complete statement of the City's Financial Condition. We recommend and encourage readers to consider this information as excerpts from the City of Mansfield, Texas Comprehensive Annual Financial Report. A copy of the City of Mansfield, Texas Comprehensive Annual Financial Report may be obtained at 1200 E. Broad Street, Mansfield, Texas 76063.

